

Honolulu, Hawaii

APR 30 2015

RE: S.B. No. 756
S.D. 1
H.D. 2
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 756, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Establish a mortgage license exemption for a seller of real property who offers or negotiates terms of a residential mortgage loan, agreement of sale, purchase money mortgage, rent-to-own agreement, or other loan that is secured by the seller's own real property and for which the seller is the mortgagee or lender and the buyer is the mortgagor or borrower; and



- (2) Specify the qualifications that must be met for a seller-financed license exemption, including specific interest rate, repayment schedule, and disclosure requirements and requiring the use of judicial or non-judicial foreclosure proceedings in the event of a default.

Your Committee on Conference finds that owner financing is a useful tool in the credit market, as it expands the pool of potential buyers for owners and gives buyers an opportunity to make a purchase that may otherwise have been out of reach, particularly if the buyers are unable to qualify for a traditional mortgage loan. Seller financing can also assist in intra-family transactions and transfers of property. Accordingly, this measure is intended to establish a mortgage license exemption for a seller to engage in seller financing, if certain conditions are met.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the mortgage license exemption proposed by this measure is for a seller of real property who offers or negotiates terms of a residential mortgage loan that is financed by the seller and secured by the seller's own real property;
- (2) Clarifying the eligibility criteria for sellers to qualify for the exemption, including removing criteria related to reasonable ability to repay, certain fixed or adjustable interest rates, repayment schedules, the use of judicial or non-judicial foreclosure proceedings, and the ability of the director to act on behalf of a buyer for enforcement purposes;
- (3) Clarifying the terms of the financing that the seller must disclose to the buyer;
- (4) Requiring the seller to provide the buyer with a disclaimer, to be initialed by the buyer, regarding the terms of the financing;
- (5) Updating the purpose section;
- (6) Inserting an effective date of upon approval; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

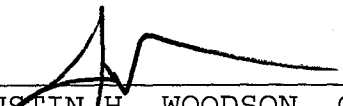


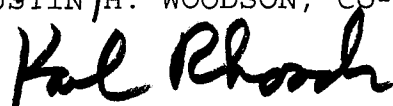
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 756, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 756, S.D. 1, H.D. 2, C.D. 1.

Respectfully submitted on behalf
of the managers:

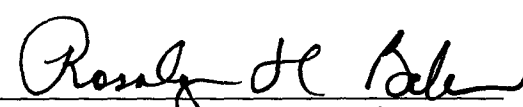
ON THE PART OF THE HOUSE


ANGUS L.K. MCKELVEY, Co-Chair


JUSTIN H. WOODSON, Co-Chair

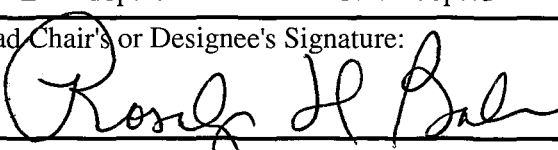
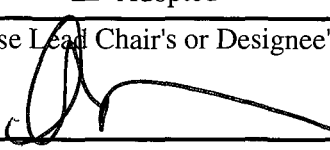

KARL RHOADS, Co-Chair

ON THE PART OF THE SENATE


ROSALYN H. BAKER, Chair



Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 756, SD 1, HD 2					Date/Time: 4:03pm 4-30-2015				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				MCKELVEY, Angus L.K., Co-Chr.	✓			
TANIGUCHI, Brian T.	✓				WOODSON, Justin H., Co-Chr.	✓			
SLOM, Sam	✓				RHOADS, Karl, Co-Chr.	✓			
					YAMANE, Ryan I.				✓
					MCDERMOTT, Bob				✓
TOTAL	3	-	-	-	TOTAL	3	-	-	2
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution: Original Yellow Pink Goldenrod									
File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency									